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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE
SECRETARY

Honorable Jack Fields
House of Representatives
2228 Rayburn House Office Building
Washington, D.C. 20515-4308

Dear Congressman *Jack* Fields:

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I appreciated receiving the views about cable regulation you expressed in your letter of February 9, 1994, and in our meeting in your office on January 26. As we discussed, I strongly believe that competition in communications industries will lead to substantial economic growth and job creation in our country, and I commend your efforts in H.R. 3636 to promote that competition in local telephony and in cable programming.

I understand that you believe that "further lowering of the cable rate benchmarks is inconsistent" with the promotion of competition in the cable industry, on the grounds that rate regulation may undermine "infrastructure investment incentive." You have identified an important question, but it is one on which strongly held opinions radically diverge. The Commission will seriously, independently and impartially consider your views as well as the views of the dozens of cable industry representatives, consumer organizations and state and local officials with whom we have met and from whom we have heard as part of our decision-making process.

I also appreciate receiving your interpretation of the Congressional intention concerning the relevance of statistical data about so-called "low penetration" systems to the "benchmark" analysis. Here again, the language of the Act and its legislative history, as well as your views and the views of the hundreds of Congressman and Senators who have written us about their concern that rate regulation be implemented in the public interest, all will be given serious consideration by us as we interpret and apply the Act to the facts in the record.

In this, as in all our decision-making, we will do our best to act rationally and judiciously by concentrating on applying the law to the facts, and weighing all policy considerations impartially.

Very truly yours,

Reed E. Hundt
Chairman

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TRANSMISSION COVER PAGE**DELIVER TO:****NAME:**Honorable Reed HundtChairman, Federal Communications Commission**FAX NUMBER:**(202) 632-0163**RECEIVED FROM****NAME:**Jack Fields, Ranking Republican MemberSubcommittee on Telecommunications and Finance**TOTAL NUMBER OF PAGES SENT (INCLUDING COVER):**3

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MISSING FROM THIS TRANSMISSION.**

COMMENTS:

Congress of the United States**House of Representatives****Washington, DC 20515****February 9, 1994**

Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

A recent article in the communications trade press unfortunately tends to confirm the concerns that many of us have expressed to you about the appearance of a lack of independence and impartiality with which the Commission may be approaching the upcoming reconsideration of the cable rate benchmark proceeding. Like it or not, this decision could well be one of the hallmarks, for better or worse, of your tenureship at the Federal Communications Commission, and we will consequently be watching it closely.

As you know, the Energy and Commerce Committee will be considering legislation to create a legal and regulatory environment in which competition among the cable, telephone, broadcast, satellite, and other emerging industries will bring forth the next generation of telecommunications goods and services. We believe this effort will create the climate necessary for the development and deployment of the information superhighway, a goal of significant importance to the Clinton Administration, as well as the undersigned Members of Congress.

Let us be clear: further lowering of the cable rate benchmarks is inconsistent with and antithetical to accomplishing these goals. No manner of political sophistry or economic legerdemain can effectively counter this conclusion. The facts are clear and indisputable; that is, infrastructure investment incentive in the cable industry has been seriously undermined since rate regulation took effect. Any further downward rate adjustment by the FCC can only be read as an expression that you do not believe that there is any meaningful role for the cable industry in developing the information highway of the future.

As troubling as your process appears to be, this same article creates further concern as to the rationale you may be considering for further lowering the benchmarks. It is strongly suggested that under consideration is a proposal to give less weight to low penetration systems (those with fewer than 30% of households passed subscribing). Considering both the 1992 Cable Act and accompanying legislative history, it is well settled that Congress did not intend to give the Commission the flexibility to consider this option, and to so conclude would thus run counter to both the letter and spirit of the Act.

Finally, Mr. Chairman, your decision will tell the undersigned plenty about you. The Administration that selected you to implement its telecommunications agenda has promised the American people a forward looking perspective on

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telecommunications, focused squarely on the issues of economic development, technological advancement, and improved international competitiveness. As complaints about cable rates and service die down to a virtual nullity (as suggested in The Washington Post today), and political pressure to act further from most quarters subsides, the justification for further lowering the benchmarks vanishes. Therefore, your decision on reconsideration of the cable benchmarks will give us, the cable industry, and all Americans who will benefit from a healthy cable industry fully engaged in building the superhighway of the future, an unmistakable impression as to whether you are in step, or completely out of step, with the Administration's and our future telecommunications goals and perspective.

Sincerely yours,


 Michael G. Oxley

Member

Subcommittee on Telecommunications
and Finance

 Dan Schaefer

Member

Subcommittee on Telecommunications
and Finance

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